

23 August 2023

HALF YEAR RESULTS TO 30 JUNE 2023

Key features

Safety

- Total Recordable Injury Frequency Rate (TRIFR) of 3.9, down from 6.9 in FY22

Financial

- Revenue of \$712m; EBITDA margin of 50%
- Free cash flow impacted by 2022 final tax payment of \$127 million
- H1 2023 interim dividend of 3 cps, fully franked

Markets

- Increased prices achieved across product suite
- Macroeconomic uncertainty and subdued levels of demand impacting volumes

Operations

- H1 2023 Z/R/SR production of 368kt with all sites at full capacity
- Four month production pause at SR1 from 30 September
 - 2023 synthetic rutile production guidance adjusted to 255kt (from 305kt)

Project pipeline

- Balranald and Eneabba in Execute
- Wimmera DFS commenced; Tutunup DFS approved; Atacama test pit approved

Rare earths business

- Strategically significant metallisation study commenced; positions Iluka to service broader range of customers

Results summaryⁱ

	Units	H1 2023	H1 2022 ⁱⁱ	% change
Mineral sands revenue	\$m	712	789	(10)
Mineral sands EBITDA	\$m	353	450	(22)
Mineral sands EBITDA margin	%	50	57	(7)
Share of profit in Associate	\$m	15	20	(27)
Underlying Group EBITDA ⁱⁱⁱ	\$m	368	470	(22)
Unit cash costs of production ^{iv}	\$/t Z/R/SR	833	825	1
Unit cost of goods sold	\$/t Z/R/SR	1,062	842	26
Profit for the period (NPAT)	\$m	204	369	(45)
Operating cash flow	\$m	228	481	(53)
Free cash flow ^v	\$m	(55)	350	(116)
Interim dividend – fully franked	cps	3	25	(88)
		30-Jun-23	31-Dec-22	
Net (debt) cash	\$m	343	489	(30)

Managing Director's commentary

Iluka delivered increased prices and strong margins in the first half against a backdrop of evolving market dynamics. Global macroeconomic uncertainty is leading to more subdued levels of demand for mineral commodities, including Iluka's products, relative to the immediate years post COVID-19.

We have been aided through this period by our leading market position, Australian production base, sustainable pricing approach and premium product offering. Iluka's operational performance in the first half was strong and it was achieved alongside an important reduction in our TRIFR.

In keeping with the company's track record over many years, Iluka will continue to focus on optimising the value of what we produce, coupled with market discipline and a deliberate approach to reinforcing the positive supply-side fundamentals for high quality zircon and high grade titanium feedstocks.

We have a proven ability to respond to market conditions. Today, we have announced a four-month production pause at SR1 from 30 September.

Restarted in December 2022, SR1 is unique in the mineral sands industry as a premium swing production asset for high grade titanium feedstocks. Its pause will coincide with the planned major maintenance outage at SR2, which will occur over the same four month period. This enables Iluka to leverage the expertise of our SR1 workforce to SR2 maintenance works and, in doing so, reduce associated external costs by ~\$4 million. SR1 and SR2 will be restarted at the end of January 2024.

Work continues at all stages of Iluka's development pipeline, with those projects currently in execute phase, Balranald and Eneabba, a particular focus. FEED for Eneabba is expected to conclude in late 2023. While the cost environment in Western Australia is presenting challenges for projects throughout the industry, Iluka is pursuing value optimisation measures, as well as operational efficiency improvements, to deliver a competitive, multi-generational refinery at an appropriate cost.

We have also announced the commencement of a feasibility study into rare earth metallisation.

Metallisation is the next stage of value addition after the production of rare earth oxides and is significant strategically. If developed, a commercial scale metallisation facility in a Western jurisdiction would remove the need for customers to process oxides through third party tolling facilities, as is often the case today. This capability would broaden Iluka's potential customer base and further enhance our marketability as a sustainable producer of light and heavy rare earths with traceable product provenance.

2023 Half Year Results teleconference details

Iluka will host a conference call for equity market participants to discuss the H1 2023 result. The call will take place at 9:00am (AEST) on Wednesday, 23 August 2023. Participants who wish to dial in to the teleconference must register through the participant link below. Dial in details and instructions will be provided in the confirmation email received upon registering.

Participant pre-registration link

<https://register.vevent.com/register/BI72c967f5835d4453bc761d8972724b97>

This document was approved and authorised for release to the market by Iluka's Managing Director.

Investor and media enquiries

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ⁱ Certain financial measures in this results summary are not defined in the International Financial Reporting Standards, including EBITDA, EBITDA margin, underlying EBITDA, unit costs, free cash flow, and net debt (non-IFRS financial information). A conciliation between non-IFRS financial information and Iluka's statutory measures is provided on slide 23 of the Iluka Resources 2023 Half Year Results Presentation.

ⁱⁱ H1 2022 numbers have been re-stated to exclude Sierra Rutile Ltd, which was demerged in August 2022.

ⁱⁱⁱ Underlying group EBITDA excludes non-recurring adjustments including impairments and changes to rehabilitation provisions for closed sites which are non-cash in nature.

^{iv} Unit cash cost per tonne Z/R/SR produced is determined as cash costs of production less the cost of saleable ilmenite and by-products, divided by total Z/R/SR production volumes.

^v Free cash flow is determined as cash flow before refinance costs, proceeds/repayment of borrowings and dividends paid in the period.